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UNITED STATES DEPARTMENT OF AGRICULTURE
PRODUCTION AND MARKETING ADMINISTRATION
DAIRY BRANCH



INSERTS

FOR

SUMMARIES

OF

FLUID MILK MARKETING ORDERS

Revised to August 1, 1951

and

Federal Register Citations for the Milk Price Orders

The attached are inserts to be substituted for the corresponding pages in the <u>Summaries of Fluid Milk Marketing Orders</u>, April 1, 1948, and <u>Federal Register Citations for the milk price orders</u>. These inserts revise the Federal orders as effective on August 1, 1951. The last insert was issued on July 1, 1951.



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Class Prices (3.7 per cent butterfat, f. o. b. 201-210 mile zone):

Class I - Compute a "formula index" as follows:

- (a) Determine latest Bureau of Labor Statistics monthly wholesale price index (1926 equals 100), and divide by 0.98;
- (b) Compute the sum of the three latest monthly indexes of department store sales in the Boston Federal Reserve District, adjusted for seasonal variations (1935-1939 equals 100); divide such sum by 3,78;
- (c) Compute the sum of:
 - (1) Simple average of the four latest weekly average retail prices per ton of dairy ration in the Boston milkshed as reported by the United States Department of Agriculture; divide such average by 0.5044 and multiply by 0.6, and
 - (2) The weighted average monthly composite farm wage rates for latest available month for Maine, Massachusetts, New Hampshire, and Vermont as reported by the United States Department of Agriculture; divide by 0.6394 and multiply by 0.4. To compute weighted average, the respective States are weighted as follows: Maine 10, Massachusetts 6, New Hampshire 7, Vermont 77.

Compute the sum of (a), (b), and (c), divide the sum so computed by 3 and round fractions to nearest whole number (this is the "formula index").

Class I price is determined by applying "formula index" to the following table:

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Class II - Milk products other than Class I, and shrinkage not in excess of 2 per cent of producer receipts (including handler's own production but not including receipts from other handlers on milk received completely processed and packaged from a Federal order plant).

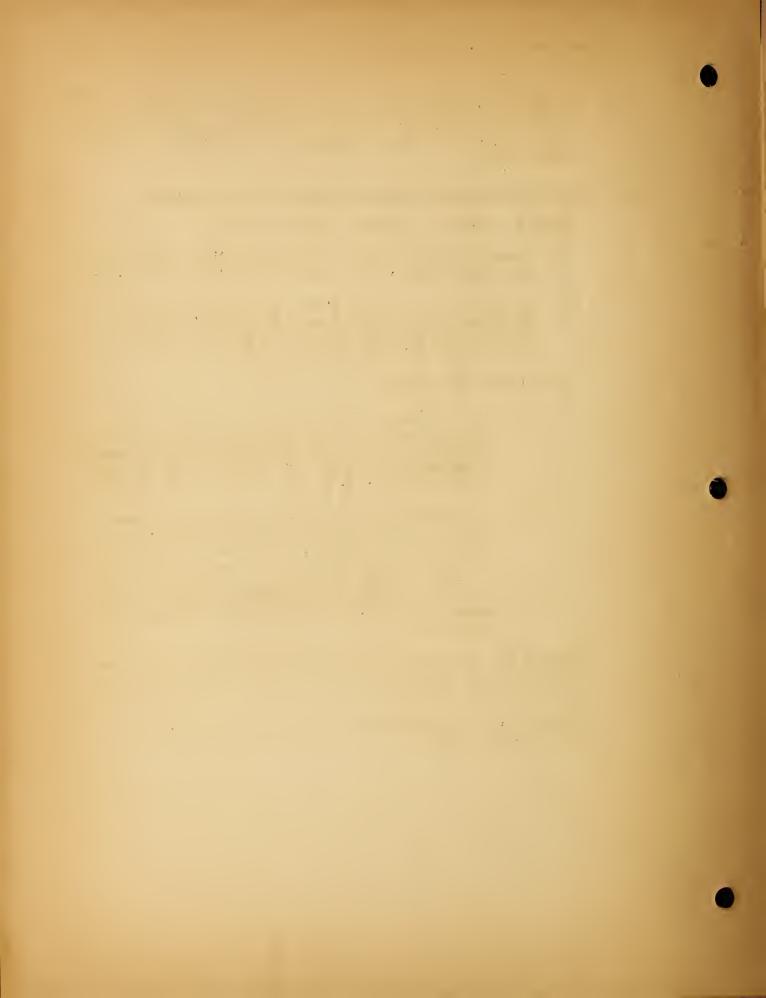
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Class I price is determined by applying "formula index" to the following table:



Minneapolis-St. Paul, Minnesota

Marketing Area:

Cities of Minneapolis, Robbinsdale, Wayzata, Columbia Heights, St. Paul, White Bear, West St. Paul, and South St. Paul. Also specified townships in Hennepin, Anoka, Ramsey, Washington, and Dakota Counties. The entire marketing area is in the State of Minnesota.

Handler:

A person in his capacity as an operator of a pool plant.

Producer:

A person who produces milk which is received at a pool plant.

Pool Plant:

A plant from which Class I milk is disposed of on wholesale or retail routes in the marketing area or a plant which transfers skim milk or butterfat directly or indirectly to a plant which disposes of Class I milk in the marketing area, unless such transfers are made only during the months of August through November.

Classification:

Class I - Milk, skim milk, buttermilk, flavored milk, flavored milk drinks (except in hermetically sealed containers), cream (sweet or sour including a mixture of cream and milk or skim milk containing less butterfat than the legal standard for cream), eggnog, and uses similar to those of whipped cream, and plant shrinkage.

<u>Class II</u> - Animal feed and milk products other than those specified under Class I.

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Butterfat Differentials:

Class Prices - None.

<u>Producer Price</u> - Price per pound of 92-score butter at Chicago times 1,2, divided by 10.

Location Differentials:

None.

Method of Accounting for Milk:

Class I computed on a volume basis plus the 3.5 per cent milk equivalent of unaccounted-for butterfat.

Class II, III, and IV computed by converting butterfat used in these three classes to 3.5 per cent milk equivalent.

Class volumes are reconciled with producer receipts by adding to or subtracting from the lowest priced milk.

Type of Pool:

Individual handler pool without base rating or new producer clause.

Interhandler Transfers:

Fluid milk or fluid skim milk is Class I and fluid cream is Class II unless a written statement as to other utilization is made by both buyer and seller.

Outside Purchases:

"Other source" milk (i.e., milk other than from producers) is deducted in series from each class beginning with the lowest priced milk which the handler utilizes. Milk received at approved plants from other Federal order markets is considered as "other source" milk under this order.

Outside Sales:

Fluid milk or fluid skim milk disposed of to a nonfluid milk plant is Class I and fluid cream is Class II unless the nonfluid plant is located within 100 miles and other utilization can be substantiated.

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Producer milk sold outside the marketing area is priced the same as milk sold in the marketing area.

Producer-handler:

Handlers who distribute no producer milk other than their own production are exempt from regulatory provisions. Reports may be required by the market administrator.

Expense of administration:

Handlers are assessed not to exceed 3 cents per hundredweight on producer milk and on "other source" milk classified as Class I or Class II.

Special Producer Provisions:

Deductions, as authorized by members, are turned over to the cooperative associations.

For non-members a marketing charge of not to exceed 5 cents per hundredweight is paid by handlers to the market administrator.

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Detroit, Michigan

Marketing Area:

Detroit is the major city, but the defined marketing area includes all the territory in a roughly triangular area reaching north to Port Huron, west to Pontiac and Ann Arbor, and southeast to Trenton.

Handler:

Person operating a plant from which milk is disposed of as Class I milk in the marketing area or a plant approved by health authorities and from which 10 per cent or more of milk received from dairy farms during November and December is moved to a plant from which Class I sales are made.

Producer:

Person who produces milk which is delivered to a handler's plant or diverted from such plant.

Classification:

Class I - Fluid milk, flavored milk, skim milk, or buttermilk, and any milk not accounted for as Class II.

Class II - Sterilized flavored milk drinks or cream (sweet or sour) in fluid form, specified manufactured dairy products, livestock feed, dumped milk, shrinkage of producer milk up to 2 per cent and all shrinkage of "other source" milk.

Class Prices (3,5 per cent butterfat):

"Basic formula" price - The higher of the following for the delivery month:

- (1) Prices paid for 3.5 per cent milk at 18 Midwest condenseries (see Chicago summary for list).
- (2) Price per pound of 92-score butter at Chicago less 3 cents, times 1,2, times 3.5, plus the price per pound of nonfat dry milk solids (carlots, spray and roller process for human consumption, f.o.b. manufacturing plants in the Chicago area), less 5.5 cents, times 8.2.

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- (3) Price per pound of 92-score butter at Chicago times 6, plus 2.4 times the price per pound of "Cheddars" at Plymouth, Wisconsin, divide by 7, multiply by 1.3, and multiply by 3.5.
- (4) Average of prices paid for 3.5 per cent milk at the following plants:

Kraft Cheese Company, Fairmont Foods Company, Carnation Milk Company, Grand Ledge Milk Company, Pet Milk Company, Clare, Michigan
Ead Axe, Michigan
Sheridan, Michigan
Grand Ledge, Michigan
Hudson, Michigan

Class I - "Basic formula" price plus \$1.35.

The Class I price is subject to a supply-demand adjustment computed from the percentage which total receipts of producer milk are of Class I utilization in the second and third months preceding the delivery month. A price adjustment is made whenever such utilization percentage differs by specified amounts from the average percentages of the two corresponding months in the following table:

January	-]	122.5	May	-	159:3	September		140.6
February	- 3	L26.5	June	-	167.5	October		131:0
March	-]	134.1	July		149.8	November	-	123:4
April	-]	144.3	August	-	145.5	December	•••	125.9

The adjustment is 15 cents (plus or minus) if the current utilization percentage varies from those tabulated by 7.5 per cent or more and an additional 15 cent adjustment is made for each 5 per cent additional variation, provided that any adjustment in a given month shall not be in an opposite direction to that in the previous month unless utilization varies by an additional 0.5 percentage point.

Class II - The higher of the following for the current month:

- (1) Price per pound of 92-score butter at Chicago times 1.2, times 3.5, plus the price per pound of nonfat dry milk solids (carlots, spray and roller process, for human consumption, f.o.b. manufacturing plants in the Chicago area), less 5.5 cents, times 8.2.
- (2) Local plant price alternative "(4)" of "basic formula."

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Butterfat Differentials:

Class I - Producer differential plus 2 cents.

Class II - Butter portion of butter-powder formula for Class II price, divided by total butter-powder formula, times local plant Class II price, divide by 35.

<u>Producer Price</u> - 7 cents when price per pound of 92-score butter at Chicago is 60 cents, plus or minus one-half cent for each full 5 cents that the butter price is above 60 cents or below 64.99 cents.

Location Differentials:

Handlers - Credits are allowed handlers on producer milk received at two categories of plants: (1) country plants (having no route sales in the marketing area) more than 34 miles from Detroit City Hall, and (2) plants from which route sales are made in the marketing area but which are located more than 34 miles from the outer boundary of the marketing area. The credit applies only to quantities ultimately sold as Class I and for both categories of plants the differentials are measured by the distance of the plant from Detroit City Hall as follows:

Zone No.	Mileage	Rate
1	Over 34 - 49	\$0 .1 4
2	Over 49 - 57	.15
3	Over 57 - 65	.16
4	0ver 65 - 73	.17
5	Over 73 - 81	.18
6	Over 81 - 89	.19
7	Over 89 - 97	.20
8	Over 97	.21

<u>Producers</u> - Same rates as above but on all milk received from producers at such plants.

Method of Accounting for Milk:

Weights of skim milk and butterfat are accounted for separately. Upon completion of classification the butterfat test of each class is determined.

Type of Pool:

Market-wide, monthly pool with base rating. No new producer clause.

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Interhandler Transfers:

Skim milk or butterfat transferred to another handler in the form of milk or skim milk is Class I unless Class II utilization is indicated in writing by both handlers and in such event the receiving handler must allocate any "other source" milk first to Class II.

Bulk milk transferred from a cooperative country plant (having no route sales in the marketing area) is classified with other producer milk at the receiving plant instead of being classified at the country plant.

Outside Purchases:

Milk received by a handler from sources other than producers is deducted first from his Class II utilization of producer milk.

Outside Sales:

Milk sold outside the marketing area is priced the same as milk sold in the marketing area. Skim milk or butterfat moved as milk or skim milk to a non-handler is Class I unless Class II utilization is claimed, subject to verification by the market administrator from books and records of the receiving plant.

Producer-handler:

Handlers who distribute only milk of their own production are exempt from regulatory provisions. Reports may be required by the market administrator.

Expense of Administration:

Handlers are assessed not to exceed 2 cents per hundredweight on milk received from producers, including the handler's own production.

Special Producer Provisions:

Deductions for marketing services, as authorized by members, are turned over to cooperative associations. A marketing service charge not to exceed 5 cents per hundredweight is deducted for non-members.

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No bases are effective until they have been established under the terms of the order. The base-making period is August 1 through December 31 (delivery for a minimum of 122 days) and applies to the 12-month period beginning the following February 1. After 1951 producers who fail to make as large abase as in the previous year receive a partial credit for their previous base. New producers desiring to establish a base, or old producers desiring a higher one, may do so on the basis of a 3-month delivery period at any time during the year subject to a specified system of discounts which are somewhat less favorable than the regular base-forming period.

Special Handler Provisions:

A handler subject to another Federal order and whose disposition of Class I milk under such other order exceeds that under the Detroit order in a given month, is subject only to the reporting requirements.

A handler whose plant is outside the marketing area and who disposes of less than 600 pounds per day of Class I milk on routes in the marketing area is subject only to the reporting requirements.

On "other source" milk classified as Class I the handler remits to the pool the difference between the Class I and Class II values of such milk.

In order to expedite classification and payment of producers for bulk shipments of milk from cooperative receiving plants to handlers' city plants, the handler is obligated to pay for such milk at the base milk price and is credited at such price in his equalization account.

ST. LOUIS - CRDER NO. 3

Citation	Date Published	Action			
14 FR 4775 15 FR 1827 15 FR 9427	7/30/49 3/31/50 12/30/50	Order, as amended Amendment No. 4 Amendment No. 5			
	BCSTON - ORD	ER NO. 4			
12 FR 4921 12 FR 6426 12 FR 8667 13 FR 1639 13 FR 9293 14 FR 2129 14 FR 4746 15 FR 4761 16 FR 3247 16 FR 7381	7/28/47 9/30/47 12/20/47 3/30/48 12/31/48 4/30/49 7/29/49 7/27/50 4/13/51 7/28/51	Order, as amended Order suspending certain provisions """" Amendment No. 6 Amendment No. 7 Amendment No. 8 Order suspending certain provisions Amendment No. 9 Amendment No. 10 Amendment No. 11			
15 FR 1770 16 FR 2782	OKLAHOLA CITY - 3/30/50 3/30/51	Order Amendment No. 1			
	TULSA - ORD	ER NO. 6			
15 FR 1829 16 FR 2784	3/31/50 3/30/51	Order Amendment No. 1			
	MILTAUREE - O	RDER NO. 7			
15 FR 7173 15 FR 9428 16 FR 3691 16 FR 6339	10/26/50 12/30/50 5/1/51 6/30/51	Order Amendment No. 1 Amendment No. 2 Amendment No. 3			
DUBUQUE - ORDER NO. 12					
14 FR 3226	6/15/49	Order, as amended			

KANSAS CITY - ORDER NO. 13

Citation	Date Published	Action
11 FR 14005	12/3/46	Order, as amended
12 FR 6426	9/25/47	Amendment No. 1
13 FR 7703	12/14/48	Amendment No. 2

MEMPHIS - ORDER NO. 18

15 FR 6533 9/28/50 Order

SPRINGFIELD, MISSOURI - ORDER NO. 21

16 FR 1225 2/9/51 Order

DETROIT - ORDER NO. 24

16 FR 6341 6/30/51 Order

PUGET SOUND - ORDER NO. 25

16 FR 3631 4/28/51 Order

NET YORK - ORDER NO. 27

14 FR	1466	4/1/49	Order	, as	ane	nded	1	
14 FR	3443	6/24/49	Order	sus	end	ing	certain	provisions
14 FR	4746	7/29/49	11	•	11	Ŭ	11	THE STATE OF THE S
14 FR	7755	12/29/49	Amend	ment	No.	1		
15 FR	1067	12/29/49 2/28/50	Amend		_			

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12 FR 2079

13 FR 9490

QUAD CITIES - ORDER NO. 44

Citation	Date Published	<u>Action</u>
13 FR 2285 14 FR 2252 16 FR 3276	4/28/48 5/6/49 4/14/51	Order, as amended Amendment No. 3 Order suspending certain provisions
	LOUISVILLE - ORD	DER NO. 46
12 FR 6567 13 FR 5112 13 FR 7294 14 FR 5385 16 FR 3639	10/4/47 9/2/48 11/30/48 8/31/49 4/28/51	Order, as amended Amendment No. 2 Amendment No. 3 Amendment No. 4 Amendment No. 5
12 FR 4986	FALL RIVER - C	ORDER NO. 47 Order, as amended
12 FR 5037	7/1/47 7/30/47	Order suspending certain provisions
12 FR 6427 12 FR 8671	9/30/47 12/20/47	11 11 11 11
13 FR 1644	3/30/48	Amendment No. 8
14 FR 1484	4/1/49	Amendment No. 9
14 FR 2132	4/30/49	Amendment No. 10
14 FR 4747 16 FR 3249	7/29/49 4/13/51	Order suspending certain provisions Amendment No. 11
16 FR 7382	7/28/51	Amendment No. 12
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	SIOUX CITY - OR	DER NO. 48

Order, as amended Amendment No. 2

3/29/47 12/31/48

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TRI-STATE - ORDER NO. 72

Citation	Date Fublished	Action
11 FR 12926 11 FR 13622 12 FR 4243 13 FR 1662 13 FR 2330 13 FR 7295 14 FR 2783 14 FR 7057 16 FR 281	11/1/46 11/21/46 7/1/47 3/31/48 4/30/48 11/30/48 5/27/49 11/23/49 1/31/51	Order, as amended Crder suspending certain provisions Amendment No. 1 Order suspending certain provisions Amendment No. 2 Amendment No. 3 Amendment No. 4 Order suspending certain provisions Amendment No. 5
	MINNEAPOLIS-ST. PAU	IL - CRDER NO. 73
15 FR 5326 16 FR 7583	8/15/50 8/3/51	Order, as amended Order suspending certain provisions
	COLUMBUS - OR	DER NO. 74
15 FR 4969 16 FR 796	8/3/50 1/30/51	Order, as amended Amendment No. 6
	CLEVELAND - OR	DER NO. 75
15 FR 5878 16 FR 6362	8/31/50 6/30/51	Order, as amended Amendment No. 5
	PADUCAH - ORD	ER NO. 77
12 FR 8808 14 FR 6594	12/27/47 10/29/49	Order Amendment No. 1

